

**Provisions Required of Food Service Management Contracts for
participants in the USDA Commodity Food Program, Virginia
Department of Agriculture and Consumer Services (VDACS)
As required by Section 250 USDA Regulations**

1. Donated foods received by recipient agency must be used solely in and for the benefit of the agency's food service operation.
2. Food service management company books and records pertaining to food service operation of the agency including but not limited to receipt, storage, and utilization of donated foods and food purchases must be available for a period of three years from the close of the current fiscal year.
3. The contract may be in effect for no longer than one year with option to renew for four additional one year periods.
4. The contract must include a provision for termination for cause by either party upon thirty days notice. Schools and summer camps may have a sixty day termination clause.
5. The contract must include the right of inspection and audit by VDACS. At any reasonable time and place, food service company management company must agree to allow State Agency, USDA, and other authorized personnel to audit, review, and inspect donated foods, facilities, and procedures and methods used in carrying out requirements of the Food Distribution Program.
6. The management company must agree to keep perpetual inventory records of utilization and written documentation of temperatures within freezers and refrigerators. The contract will stipulate who is responsible for these records.
7. The contract must include one of the following:
 - a. A management fee for management services only. Agency pays for all foods and goods purchased, and food Management Company charges a fee only for their labor and management services. Contract must contain the standard clause "Foods shall inure only to the benefit of the recipient agency."
 - b. A flat fee charged per meal or per month/week, which is all inclusive. To show donated food value to agency, contract must allow for a food credit of donated foods received. Management Company must agree to VDACS food values, and credit must be given as food is received. Contract must include reference to spoilage and loss, and who will be responsible.

***Food expenditures by management companies cannot be reduced by the value of USDA donated foods received.**

*** At the time the contract is extended, all pertinent information must be updated, and a copy of the extension submitted to VDACS.**